

**Washington State Department Of Transportation
Washington State Ferries
2005/2006 Tariff Proposal
Filing of CR-102 Form**

Briefing Paper
Prepared for the January 2005
Transportation Commission Meeting

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PURPOSE:

To provide a summary of the Tariff Policy Committee's proposal for a 2005/2006 tariff change and discussions on the fuel surcharge issue.

ACTION/OUTCOME:

The Commission will be asked to accept or modify the Tariff Policy Committee's proposal for purposes of taking to the public for review and comment in February. Staff will also ask the Commission's permission to go ahead and file the CR – 102 Form with the Code Reviser's office, the next step in the revision process.

BACKGROUND:

The Tariff Policy Committee has provided in-depth analysis and recommendation to the Transportation Commission of tariff changes since 1991. The last tariff modification cycle was initiated in December 2003; this resulted in a two-step tariff increase of 5% in May of 2003 and 2004 in support of the 5-5-5 financial plan. The Tariff Policy Committee has developed recommendations for the next two years for implementation in May 2005 and 2006.

DISCUSSION:

The proposal contains the following elements:

A one-year general fare increase of 5% plus rounding, effective May 1, 2005. Proposal continues the phase-in of Tariff Route Equity or distance based fares for the Anacortes to San Juan Islands routes, capped at no greater than 5% above the system wide fare increases.

The implementation of the new Electronic Fare System (EFS) in the fall of 2005 allows greater flexibility in the structuring of frequent user discounts and allowing the replacement of the existing coupon books with two different products – one for frequent commuters and the other a convenience product for less frequent users. The following user discount structure was recommended for all routes except Anacortes/San Juan Islands/Sidney, B.C:

- Part 1 – retain current discount policies and coupon books effective May 1, 2005
- Part 2 – roll out the commuter product and first year convenience product commensurate with EFS as follows (passengers and vehicles receive the same discount):

- Commuter – 10 round trips in 30 days at a 20% discount
- Convenience – 5 round trips in 60 days at a 15% discount
- Part 3 – follow on in the second year (May 1, 2006) with the following:
 - Convenience – 5 round trips in 60 days at a 10% discount

The following frequent user discount structure was adopted for the San Juan Islands:

- Vehicles
 - Commuter – 5 round trips in 30 days at a 25% discount
 - Convenience – 5 round trips in 90 days at a 15% discount
- Passengers
 - Commuter – 5 round trips in 30 days at a 35% discount
 - Convenience – 5 round trips in 60 days at a 25% discount

All multi-ride discounted fares available at kiosks and online will be priced 5% higher when purchased at a tollbooth (as of May 1, 2006).

Commercial accounts – continue the 10% discount on commercial accounts that use the system for 12 or more one-way trips per week until implementation of EFS in fall 2005, at which time WSF would switch to a more flexible commercial account program that would be available to licensed businesses, non-profit organizations and agencies in accordance with WSF business rules. A general account will be pre-paid and be offered priority loading where possible, electronic account information, and access to special promotions or earned benefits such as volume discounts based on travel, volume discounts based on revenue, discounts based on growth in business with WSF, or others in accordance with the business rules of WSF. In addition, certain accounts may be offered as charge accounts where customers meet WSF guidelines for such accounts.

A new promotional fare for recreational vehicles and buses 20 foot in length and over will be applied to the Anacortes – Sidney B.C. route. The new promotional fare will essentially remove the over-height component of the length-based fares, cutting the rate in half and making the route more competitive for recreational and bus traffic in comparison with competing services traveling to Vancouver Island. Oversized commercial vehicle rates will not be affected.

The youth fare (20% off full fare, for passengers) definition will be altered from the current ages 5 through 18 to ages 6 through 18 (five year old passengers will now travel free). This is to align WSF's tariff with the other transit agencies in preparation for regional smart card.

Other miscellaneous items:

- Fares will take effect on May 1 of any given year and not the first Sunday in May.
- EFS will allow pre-purchase of single fare tickets – it is proposed that all pre-purchased single fare media be valid for a period of 7 days, and will be accepted as partial payment for travel on a more expensive route within the fare category for which it was purchased, but will not be refundable.
- Language to allow imposition of fees surrounding the use of smart cards (still being negotiated at the regional level).

At the guidance of the two legislative members of the Tariff Policy Committee present, Senator Bob Oke and Representative Jeff Morris, the Committee did not pursue the concept of incorporating flexibility in the tariff language to implement a 10% fuel surcharge in October

2005, but rather give the legislature a chance to address the fuel issue in the context of all services related to State government.

Similar rationale was put forth by Senator Bob Oke, and adopted by the Committee, of not incorporating the second 5% general fare increase in May 2006 at this time but rather to wait until the new legislature has an opportunity to address ferry funding in an overall transportation funding context. By not incorporating the second 5% increase in May 2006, WSF would forego approximately \$4.9 million in farebox revenue in FY 2007.

RECOMMENDATION:

The Commission should adopt the Tariff Policy Committee's recommendation and allow the legislature to explore other financial options. The Commission is likely to hear a minority report on the issue of multiple ride discounts as applied to the San Juan Islands and may want to consider modifying the proposal based on those comments and staff review.

For implementation of a possible fuel surcharge in October of 2005, the Commission can wait until May to re-open the tariff revision process to incorporate any legislative action. If a second 5% fare increase is needed for May 1, 2006, the Code Reviser process can be started again in December 2005.

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